

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

BULLETIN 91-5

Issued this 5th day
of November, 1991

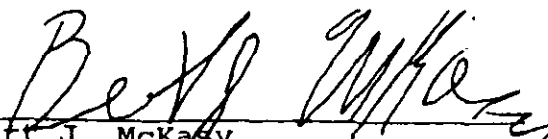
TO: ALL WORKERS' COMPENSATION INSURERS LICENSED IN MINNESOTA

The Department of Commerce has received numerous inquiries from agents and insurers about the maximum workers' compensation limits that a company may offer under Minnesota law, for deductible or excess coverage plans. All subsequent references to the term "limit(s)" will apply, equally, to either type of plan. According to Minnesota Statute (M.S.) 79.34, Subd. 2 - Losses; retention limits, no insurer may offer a limit that is greater than its own retention limit with the Workers' Compensation Reinsurance Association(WCRA.) Currently, an insurer may opt to retain a limit of liability of either \$210,000 or \$410,000. M.S. 79.34 provides for an automatic increase of \$10,000, annually, to either limit. Thus, as of January 1, 1992, retention options will become \$220,000 or \$420,000.

In some early filings, we inadvertently failed to consider the statutory mandate of the WCRA when reviewing allowable deductible/excess retention limits. As a result, several plans were approved which could allow limits in excess of the retention limit. Those plans should not have been approved. The Department currently will only approve plans which offer no limits greater than the insurer's own retention limit with the WCRA, namely \$210,000 or \$410,000.

Accordingly, effective immediately, no insurer may offer a workers' compensation large deductible or excess coverage policy/endorsement which provides limit options greater than that insurer's retention limit with the WCRA. Those companies whose approved plans offer limits in excess of their own WCRA retained limit must file a revised EXPLANATORY MEMORANDUM, underwriting guidelines, an amended information page (if deductible limits are printed on the form,) and a statement certifying that no deductible limit/excess retention will be offered or written by the company in excess of its WCRA retention limit. Changes to presently-approved plans must be made before December 1, 1991.

Questions regarding this Bulletin should be directed to Ron Meuser, Department of Commerce, 133 East 7th Street, St. Paul, MN 55101. Mr. Meuser's telephone number is (612) 297-5849.


Bert J. McKasy
Commissioner of Commerce



OFFICE OF THE COMMISSIONER

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

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November 5, 1991

TO: Chief Executive Officer
Insurance Company Addressed

This letter is directed toward the insurers who have Large Deductible and/or Excess Coverage policies/endorsements (referred to as "policies") currently in force. Its purpose is to expand upon the requirements stated in Bulletin 91-5. As stated in Bulletin 91-5, no insurer may offer or write either type coverage, where the policy's deductible/retention limit exceeds the insurer's own retention limit with the Minnesota Workers' Compensation Reinsurance Association (WCRA.)

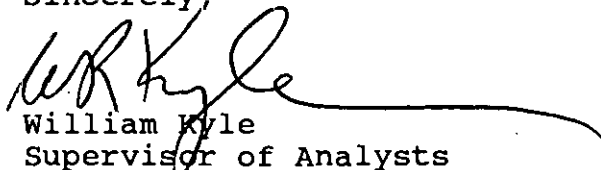
The Department of Commerce is interested in learning how many policies of each type your company has in force, which meet the foregoing criterion. Therefore, please prepare a list of all policies written. Present the list in tabular form; include the following data:

1. Employer name
2. Coverage type
3. Effective date
4. Coverage limit(s)
5. Deductible/retention limit
6. Premium charged for the coverage
7. Number of claims(if any) which exceeded your WCRA retention limit

Please respond to this letter by November 19, 1991. Address all correspondence to Ron Meuser. You may contact Mr. Meuser at (612) 297-5849.

Thank you for your assistance.

Sincerely,


William Kyle
Supervisor of Analysts

ATTACHMENT 1

Schedule of Rates(SOR) - Worksheet

<u>CLASS CODE</u>	<u>CURRENT RATE</u>	<u>REDUCTION FACTOR</u>	<u>NEW RATE</u>
2939	\$18.73	0.84	\$15.73

EXAMPLE	EXAMPLE	EXAMPLE	EXAMPLE	EXAMPLE	EXAMPLE
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